

**HB6588 AN ACT CONCERNING RENT STABILIZATION, AND;
HB6589 AN ACT CONCERNING RENT STABILIZATION IN MOBILE MANUFACTURED
HOME PARKS**

To the Honorable Legislators of Connecticut and those serving on the Housing Committee;

I URGE YOU TO OPPOSE THESE BILLS: I OPPOSE Rent Stabilization Legislation (*aka Rent Control*) in all its forms for many reasons as spelled out below.

Spanish-American philosopher George Santayana once said, “Those who cannot remember the past are condemned to repeat it”. Similar iterations uttered by Winston Churchill and others have also warned against repeating historical failures.

Rent control has a long history of failure around the country; do not repeat the same mistake here. Everywhere rent control is tried and where it still exists the rental housing market is a dismal failure. Without the ability to increase rents to offset rising costs housing providers have no ability or incentive to properly maintain or improve the property. Builders are discouraged from creating new housing stock so the rental market quality and quantity suffers hurting the people in need of affordable housing.

1) Rent caps effectively convert rental housing into net loss properties and once expenses out pace income the housing quality will suffer dramatically. For example, presently there are over 40,000 mothballed units in NY City because it's not economically feasible to remodel the units and return them to the rental market.

[1] https://therealdeal.com/issues_articles/that-empty-feeling/

2) Without the ability to stay solvent as rental properties, property owners may resort to converting their rental units to condos or other uses removing them from the rental market and exasperating the rental housing shortage.

3) Last year's expansion of the Fair Rent Commission statute was specifically set in place to control unjust rent increases. Let the Fair Rent Commissions address the grossly unfair rent increase complaints. This is the fair and legal way to address unconscionable rent increase, NOT capping all rents! In fact, expand the FRC act to apply to any town over 10,000 people. .

4) The Connecticut State Constitution is clear: SEC. 11 Specifically states “The property of no person shall be taken for public use without just compensation”. Rent

caps or rent controls enacted by the government effectively devalue properties. This is clearly a form of government “taking”.

5) Rent caps will diminish property value, which will lower municipal property tax income having a negative impact on needed community services.

6) These proposed bills are admission to the facts since they propose to exempt any building / rental unit less than 15 years old. Obviously, the profit margin is so slim that without the exemption builders will not build new stock. However, guess what, older buildings need more renovations, upgrades, new appliances and heating systems, which not factored into the rent cap limits thereby critically harming any potential for these improvements and resulting in older, poorer quality housing.

7) Supply and demand is driving the rent rates currently. Just like any commodity be it eggs, gasoline, heating fuel or whatever, higher demand at a time of decreased supply results in higher costs, rental units are no different. Our costs to provide housing have jumped up just like everyone else’s costs. The only way to stay in business is to offset cost with rental income, so when our cost climb, rents must climb.

8) Rent caps do not account for older rental housing stock and the inherent need to cover the cost of replacement appliances, heating systems, plumbing fixtures and the renovation of older bathrooms, kitchens and apartments in general. If these costs cannot be covered, they won’t get done and the housing quality will suffer terribly.

9) These bills freeze rents during a “State wide public health emergency” and for another year after. You cannot “freeze” our rent income that is what pays our costs! If we cannot pay taxes, mortgages, utilities, repairs and so forth because the cost have climbed beyond our income then the housing will close as we go bankrupt. Our cost climbed in the pandemic just like everyone else’s so unless you freeze all cost increases, freezing only rent increases will put us out of business.

10) Why the extra year on the freeze? This last “health emergency” dragged out WELL BEYOND THE “EMERGENCY” PHASE making us all suffer interminably with no actual gain in health safety but instead at a huge cost to our youth, our jobs and our health. Our post “health emergency” costs increased just like everyone else’s, to freeze our ability to cover those costs is unconscionable and will hurt housing availability.

HOW DID THE HOUSING PROBLEM DEVELOP?

1. Drive through any city or downtown area of any town and notice the empty lots where buildings once stood or dilapidated empty ones remain.
2. CT's population shift prior to the pandemic placed a high demand on urban living (rental unit demand). Costs and restrictions imposed on new building ventures left many projects on the planning table instead of going to construction.
3. CT was already short on housing units when over the last several years;
 - a. CT decided to take in thousands of Ukraine refugees.
 - b. CT became a great alternative to living in or commuting to New York City during the pandemic causing thousands to seek housing in CT.
 - c. CT has taken in thousands of illegal immigrants from the southern border while we are already critically short on rental units for our residents.
 - d. CT saw an influx of homeless people when New York City paid so many of them to move CT and paid their rent for the first year.
4. Cost and Zoning – Every housing project meets with tremendous resistance from neighbors and local governments. It seems everyone agrees we need it but do not try to build in their neighborhood.

Housing providers did not cause the housing shortage nor can it be fixed by taxing, fining, capping rents or squeezing housing providers to the point of bankruptcy.

HOW CAN THE STATE HELP INCREASE AFFORDABLE HOUSING?

Fixing the rental housing shortage problem will require great effort on your part and that of State government. Most importantly, It will require building more rental housing!!!!

1. BUILD MORE housing, of all types Encourage building by drastically reducing zoning restrictions, environmental hurdles and other barriers designed solely to keep development out and maintain the status quo.
2. Incentivize building affordable rental units in every town without tying every project to income-based restrictions. With enough housing units, rates will come down and be affordable for everyone.
3. Cap assessments for multifamily housing at a low level to help keep taxes predictable and reasonable. Cap government spending and the excessive tax hikes on rental properties, that will help keep rent rates down.
4. Invest in America! Promote energy our independence. Require competitive sourcing for all our fuels, energy, insurance, materials and banking. Where competition exists, the market stays in check and everyone prospers.

5. Streamline the HUD / voucher system so it does not take a voucher recipient two months or more to fill the apartment I can otherwise fill in one week.
6. We should strive to replace condemned multifamily buildings with equal units or more, not leave the lot empty due to a zoning restriction! For instance: When a multifamily building burns down, a new building MUST be able to use the same setback, parking, occupancy, height and area conditions that existed previously.
7. We should strive to repurpose old empty buildings by incentivizing renovations, allowing mixed uses and improving infrastructure!
8. Increase direct payments to qualified renters to offset rising rents. Expand the renters' rebate or UniteCT programs to assist additional lower income persons.
9. Remove the obstacles to speedy evictions; compel every housing court matter to settle within 45 days by removing the ability for continuances and other dubious tactics used by Legal-Aid and Right to Counsel staff that are jamming up our housing court case load. If bad tenants knew they might be looking for new housing in less than two months they might improve their act and pay rent, and if housing providers knew their case wasn't going to drag out for more than 45 days, they would be more willing to take riskier applicants thereby giving more people access to rental housing sooner.

I URGE YOU TO OPPOSE THESE BILLS AND ALL SIMILAR BILLS.

Respectfully, Paul Januszewski, Housing Provider